

ESG Viewpoint: SACE

RepRisk interviews Antonella Gentili, Head of Environment Unit at SACE

SACE, a joint-stock company wholly owned by the Italian investment bank Cassa depositi e prestiti, offers a wide range of insurance and financial products: export credit, investment protection, financial guarantees, surety bonds, and factoring. The company employs over 700 people and has more than 25,000 clients in 189 countries.

Antonella Gentili joined SACE in 2001 and is responsible for conducting environmental and social (E&S) due diligence of projects outside of Italy, as well as monitoring E&S requirements and performance of portfolio transactions. Her assignment includes attending OECD meetings on export credit agencies and E&S matters. Prior to this, Antonella spent two years in consulting, specializing in environmental assessment and legal compliance, due diligence pre-acquisitions, ISO 14001 and EMAS Regulation, Agenda 21 bidding process, environmental reporting, and third-party certification.



1. RepRisk: Could you please provide some insight into your specific role at SACE and explain the work that your team does?

Antonella Gentili: I am responsible for SACE's Environmental and Social (E&S) Analysis Department. Our mission is to promote export and support the internationalization of Italian companies by providing a wide range of insurance and financial solutions. As Italy's export credit agency, SACE is subject to the OECD Common Approaches on E&S Due Diligence and to the Agreement on Officially Supported Export Credit. Within this framework, my team and I review all potential export transactions involving Italian suppliers with the aim of ensuring that all projects are in compliance with local as well as international E&S standards. The E&S team has a unique role in the company. Taking into consideration our core business, SACE deals mainly with financial and macro-economic subjects, while our E&S team focuses on the physical nature of transactions and assesses their potential impact.

2. RR: SACE has been a RepRisk client since 2016. How do you use RepRisk in your day-to-day business?

AG: On the one hand, we use RepRisk as a screening tool on E&S risks, especially in those areas of the world where we have limited resources and skills, and on the other hand, as a monitoring tool, to keep an eye on the most relevant projects we support. Apart from providing us with daily-updated information directly related to any specific project, RepRisk is a sure-fire "alarm system" and alerts us to anything that could be subjected to stakeholder scrutiny. It is thus an external voice that can be very useful.

3. RR: Information on infrastructure projects, such as mines, pipelines, highways, and ports, is relevant for export credit agencies. How do you conduct due diligence on projects in line with the OECD Common Approaches?

AG: Information is key! One of the main problems in this job is exactly how to find (and rate) information, and RepRisk is a very valuable tool in this respect. To carry out due diligence, we need to assess the potential impact of the destination project of the Italian supplier, be this a single screw or an entire chemical plant. We collect information from the project proponent, the supplier, and any involved party. We may visit the site and talk to local stakeholders. We may also be assisted by advisors.

4. RR: How do you think integrating ESG criteria into your evaluation process creates value for SACE, and what are some of the challenges you encounter?

AG: I think that any investment decision should consider E&S criteria, as they focus on factors that are not fully covered by other types of assessments, but are equally if not even more important. The way local communities perceive a new project, for example, is something that can jeopardize an investment, yet it is not systematically taken into account. Moreover, our experience to date has shown that when a project is not performing well in E&S terms, it always suffers – or will suffer from – indirectly related problems, apart from the other more “conventional” aspects of an investment. In this respect, one of the challenges is indeed to promote a stronger focus on E&S aspects in the monitoring phase. So, ESG criteria can serve as a powerful alarm system that is much more widely applicable.

5. RR: From an E&S risk perspective, what do you see as the emerging trends or issues? And are there any new developments in this area for SACE?

AG: The OECD Common Approaches are revised periodically, and the most recent revision, in 2016, focused on two core issues: climate change/coal transactions and human rights impacts. The next revision will begin in a few months, and I suspect that these two issues will continue to play an important role in the discussion. In the case of export credits, experience has shown that, from the initial discussion to production operations, a single project can easily take three to eight years – longer than a revision cycle. We invest a great deal of effort in ensuring that portfolio transactions are monitored more accurately. This, in turn, gives us the expertise and experience we need to be able to adopt a more methodical approach to the broad variety of transaction types that we encounter.